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## HOUSE BILL NO. 375

Offered January 15, 1998

A BILL to amend and reenact §§ 2.1-234.5 and 2.1-360 of the Code of Virginia; to amend the Code of Virginia by adding a section numbered 2.1-328.15; and to repeal § 2.1-329 of the Code of Virginia, relating to the investment of public funds.

Patrons—Purkey; Senator: Stosch

Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 2.1-234.5 and 2.1-360 of the Code of Virginia are amended and reenacted, and that the Code of Virginia is amended by adding a section numbered 2.1-328.15 as follows:**

§ 2.1-234.5. Collateral conditions.

Local officials handling public funds in this Commonwealth may not require from a depository institution any pledge of collateral for such official's deposits in such institution which is in excess of the requirements of the Virginia Security for Public Deposits Act (§ 2.1-359 et seq.) ~~or § 2.1-329.~~

§ 2.1-328.15. *Investment of funds in negotiable certificates of deposit and negotiable bank deposit notes.*

*Notwithstanding any provision of law to the contrary, the Commonwealth and all public officers, municipal corporations, and other political subdivisions and all other public bodies of the Commonwealth may invest any or all of the monies belonging to them or within their control, other than sinking funds, in negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor's and P-1 by Moody's Investor Service, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor's and Aa by Moody's Investor Service, Inc., for maturities over one year and not exceeding five years.*

§ 2.1-360. Definitions.

As used in this chapter, unless the context otherwise requires:

(a) The term "public deposit" shall mean moneys of the Commonwealth or of any county, city, town or other political subdivision thereof, including moneys of any commission, institution, committee, board or officer of the foregoing and any state, circuit, county or municipal court, which moneys are deposited in any qualified public depository *in any of the following types of accounts: nonnegotiable or registered time deposits, demand deposits, savings deposits, and any other transaction accounts*, and security for such deposit is required by other provisions of law, or is required due to an election of the public depository.

(b) The term "qualified public depository" shall mean any national banking association, federal savings and loan association or federal savings bank located in Virginia and any bank, trust company or savings institution organized under Virginia law that receives or holds public deposits which are secured pursuant to this chapter.

(c) The term "default or insolvency" shall include, but shall not be limited to, the failure or refusal of any qualified public depository to return any public deposit upon demand or at maturity and the issuance of an order of supervisory authority restraining such depository from making payments of deposit liabilities or the appointment of a receiver for such depository.

(d) "Treasury Board" shall mean the Treasury Board of the Commonwealth created by § 2.1-178.

(e) The term "eligible collateral" shall mean securities of the character authorized as legal investments under the laws of this Commonwealth for public sinking funds or other public funds and securities acceptable under United States Treasury Department regulations as collateral for the security of treasury tax and loan accounts.

(f) In the case of a bank, the term "required collateral" of a qualified public depository shall mean a sum equal to fifty percent of the actual public deposits held at the close of business on the last banking day in the month immediately preceding the date of any computation of such balance, or the average balance of all public deposits for such preceding month, whichever is greater. In the case of a savings and loan association or savings bank, the term "required collateral" of a qualified public depository shall mean a sum equal to 100 percent of the average daily balance for the month immediately preceding the date of any computation of such balance of all public deposits held by such depository but shall not be less than 100 percent of the public deposits held by such depository at the close of business on the last banking day in such preceding month.

The terms "treasurer" and "public depositor" shall mean the State Treasurer, a county, city, or town

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60 treasurer or director of finance or similar officer and the custodian of any other public deposits secured  
61 pursuant to this chapter.  
62 **2. That § 2.1-329 of the Code of Virginia is repealed.**